

e2 plans \$1bn PJM gas and BESS project financing

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e2, a privately held energy developer seeking to transition into an IPP, plans to access private credit markets for part of a roughly \$1 billion construction financing for a gas-powered, behind-the-meter battery storage project in the PJM region, IJGlobal can reveal.

The Florida company is betting that localized generation can sidestep grid bottlenecks and outlast volatility tied to AI-driven data center demand, chief executive and majority owner James Richmond said on the sidelines of CERAWEEK in Houston.

e2 is prioritizing a 1GW project in PJM, with plans to expand to about 3GW in the same market by 2029, depending on capital availability and execution, Richmond said. The initial facility will be fueled by natural gas, with the turbines contracted and scheduled for delivery by December 2027.

At an estimated \$3 billion to \$4 billion per gigawatt, total capital deployment across the PJM portfolio could exceed \$10 billion, targeting hyperscaler offtake, Richmond said.

Capital structure and financing strategy

Plans for a public listing, once explored via a SPAC, have been deferred until projects are built and revenue contracts are fully embedded, Richmond said.

e2 plans to raise construction capital through a combination of private credit, equity and large limited partners, rather than relying on traditional bank lending.

Richmond said the company has not used bank financing since 2017, arguing that banks struggle to underwrite projects where intellectual property and long-term contracts, rather than physical assets alone, drive value.

“Banks want something they can hold as collateral,” Richmond said. “When you’re doing SPVs and your value is tied to IP and contract revenue, that becomes a problem.”

To date, e2 has raised about \$200 million through a mix of private bonds, convertible instruments and private equity capital, much of it sourced from family offices. The company has issued bonds through Arete, a private bond marketplace, and has also worked with LK Capital, Richmond said.

The upcoming \$1 billion construction raise will require larger checks than e2’s prior financings. Deposits for gas turbines alone can run \$400 million to \$500 million, necessitating participation from institutional investors capable of committing several hundred million dollars at a time.

As a result, e2 expects a blended capital structure, pairing private credit, often deployed in \$5 million to \$50 million tranches, with equity and large limited partners able to deploy \$300 million to \$400 million in a single investment. The company's chief financial officer, Matt Leiter, previously raised several billion dollars for infrastructure projects over a two-decade career, Richmond said.

The scale of the PJM project also qualifies it for potential support from the US Department of Energy, which typically engages on projects exceeding \$500 million in capital cost. But Richmond noted that DOE participation generally comes after commissioning, leaving developers to independently finance construction.

PJM project and grid strategy

e2 envisions its PJM facility operating entirely behind the meter, supplying power directly to a hyperscale data center customer. The design avoids the need for a traditional parallel interconnection agreement with PJM, a process that can take years and has become a major constraint on new generation in the region.

"We don't need a PJM connection," Richmond said. "We produce our own grid behind the meter."

The system is designed to function similarly to a large-scale microgrid, generating power on site while still interacting with the broader grid under controlled conditions. e2 says its technology delivers a 99% power factor, a level of performance utilities associate with grid hardening and stability.

Richmond said the design allows the system to ride through short-duration grid disturbances, such as lightning-related faults, without triggering cascading shutdowns across substations. Recent power disruptions in parts of PJM territory, including Northern Virginia, have heightened concerns among data center operators about grid fragility.

Land for the PJM project is owned by a third party, with e2 leasing space solely for the power plant and substation. The company is working to sign 15-year power agreements with investment-grade hyperscalers or data center developers, with a target timeline of about 24 months from contract execution to power delivery.

According to Richmond, high-end artificial intelligence data centers can cost as much as \$25 million per megawatt, with power infrastructure accounting for 30% to 40% of total capital expenditure. That has driven interest among data center developers in outsourcing power generation to third-party IPPs rather than owning the assets themselves.

"They don't want to be power companies," Richmond said. "They just want to build data centers."

Tax equity, manufacturing and market risk

Through 2032, e2's systems qualify for roughly 40% in federal tax credits, supported by domestic manufacturing incentives, Richmond said.

For 2026, e2 expects to process approximately \$300 million in tax credit transactions, with transferable credits selling for 85 to 92 cents on the dollar, depending on structuring and insurance.

Unlike traditional project-based tax equity, e2 pools completed units into rental programs, allowing investors to claim credits as soon as equipment is available for lease. The manufacturing lead time per unit is approximately two months, enabling investors to align deliveries with annual tax planning needs.

The company assembles systems at a 40,000-square-foot facility in Fort Myers, Florida, and is finalizing plans for a 370,000-square-foot facility there.

It maintains additional manufacturing capacity in Spain, supplying a 300MW project in Ireland.

While data centers currently represent e2's highest-margin and fastest-growing opportunity, Richmond acknowledged investor skepticism that AI-driven infrastructure spending can sustain current valuations if revenue models fail to keep pace with capital deployment.

“There will be winners and losers,” he said, adding that not every AI-focused company will survive.

When asked about strategy, Richmond said that, should hyperscaler offtake not be achieved, e2’s longer-term opportunity extends to utilities. The US power grid spans roughly 1,200 gigawatts, far exceeding data center demand, and requires substantial upgrades regardless of how the AI cycle evolves.

“The grid will always be our customer,” he said.

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